

*How tomorrow moves* [CSX]

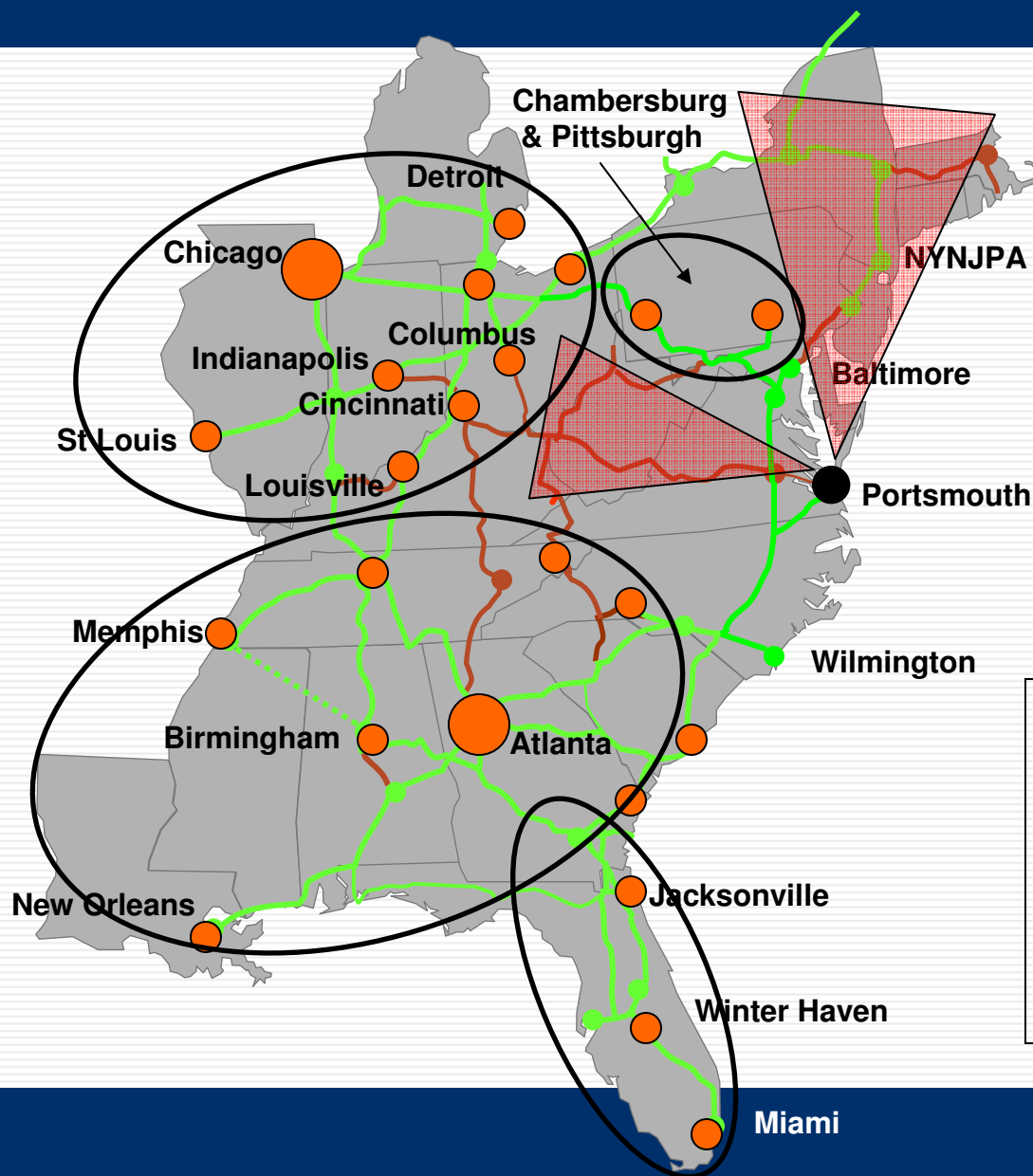


**The National Gateway**  
*Preparing for Tomorrow*  
February 24, 2010

## *The National Gateway meets the Virginia and the nation's 21<sup>st</sup> Century Transportation Policy Priorities*

- **Enhances Virginia's market access potential**
- **Favorably positions the Port of Virginia to be more competitive in the global economy**
- **Reduces highway congestion**
- **Reduces costs for road maintenance and logistics**
- **Reduces greenhouse gas emissions and helps improve air quality**

## *Tomorrow: Double-stack cleared to 60% of the U.S. population*



- **Post-National Gateway, increases Port's market access by 141% (from 22 to 53 million people)**
- **Double-stack economics and NW hub, open the Midwest and beyond**
- **Southeast and Florida markets mature**

-  Intermodal Not Effective
-  Market with CSXI Service
-  CSXT double stack routes
-  Other CSXT routes

## *The National Gateway favorably positions Virginia to be more competitive in the global economy*

- Providing fully competitive access for CSX benefits the Commonwealth by:
  - Increasing the port's share of discretionary container cargo
  - Reducing truck traffic in Hampton Roads
  - Attracting more steamship lines
  - Building recoverability into the system

***“Providing access for more than one Class I rail carrier could benefit the Commonwealth significantly by increasing the rail share of container cargo, reducing truck traffic, attracting more steamship lines, and building redundancy into the system. Currently 25 percent of the cargo leaving the port does so by rail, 70 percent by truck and 5 percent by barge. Dual rail access at both NIT and PMT could eliminate more than 90,000 truck trips per year”.***

*--Virginia Freight Advisory Committee, June 2007*

## *What do shippers expect after a recovery?*

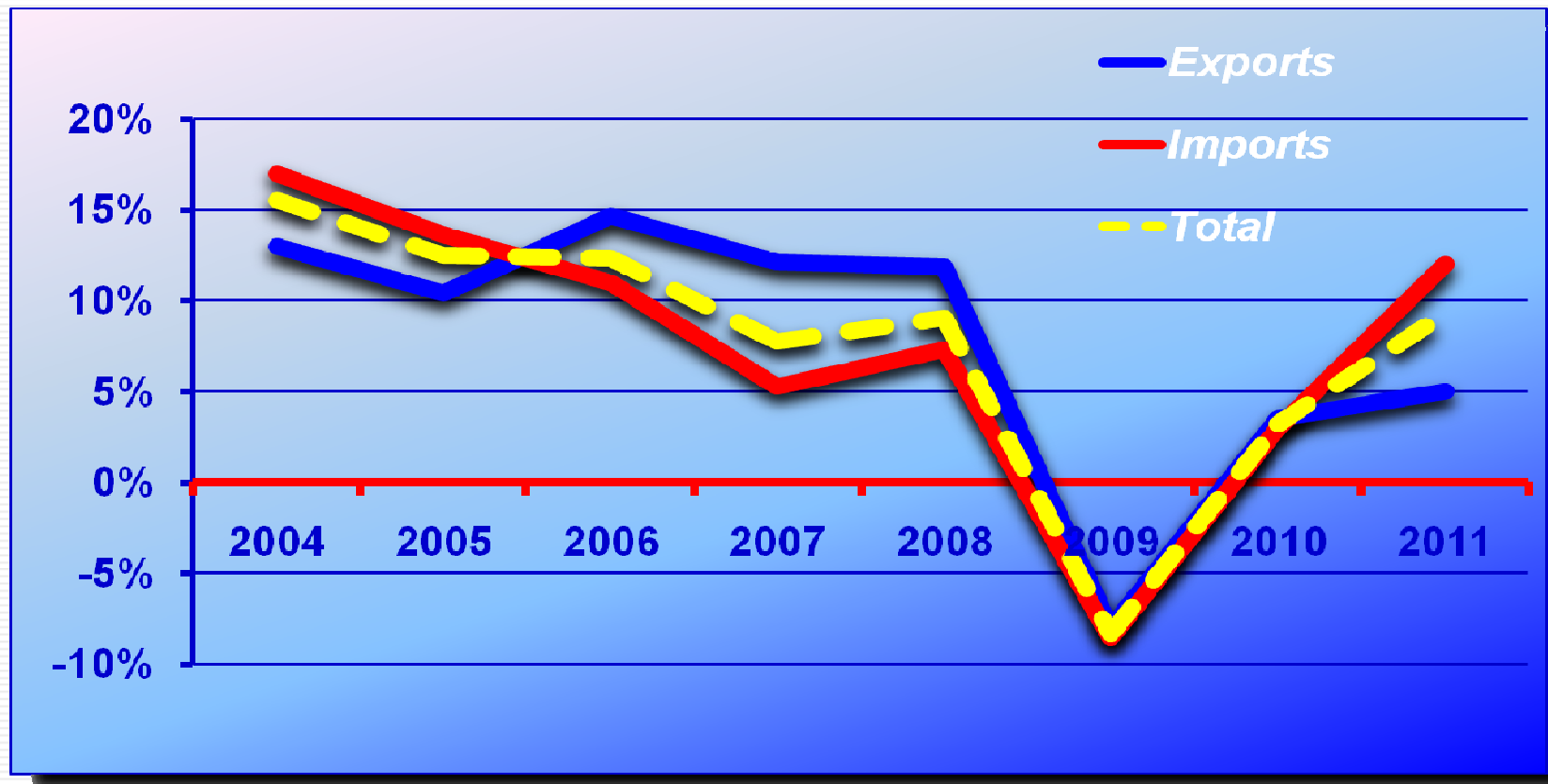
- Intermodal growth estimates far exceed other modes
- Intermodal is still a more economic alternative than over-the-road solutions, though the gap has narrowed considerably in recent months
- Fuel efficiency, improving service and lower costs are driving share gains despite aggressive over-the-road pricing and lower fuel prices
- Carriers with large intermodal franchises should continue to benefit from OTR conversion

Source: Morgan Stanley Freight Pulse 16, April 2009.

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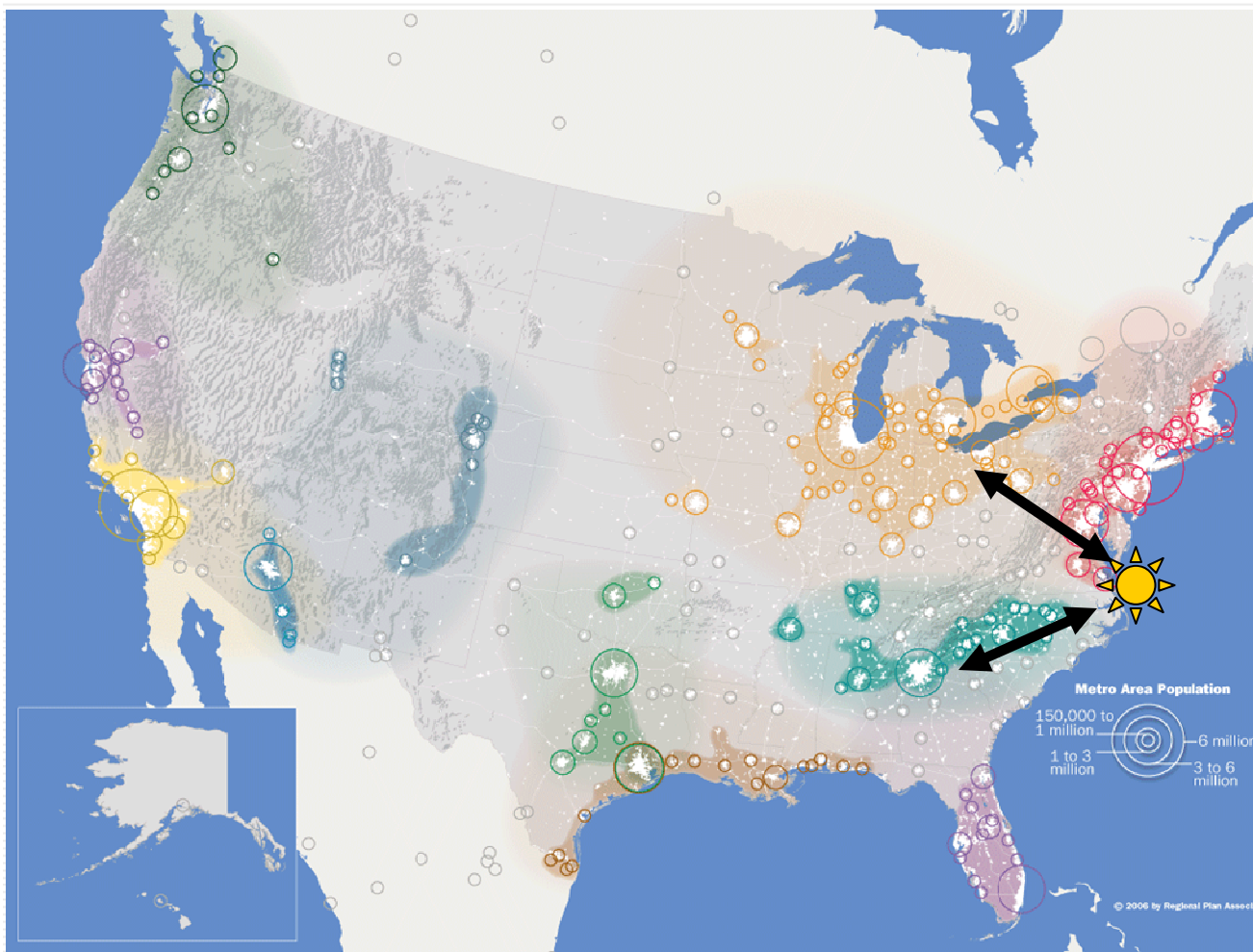
## Trade will Recover



Source(s): US Census, Scotiabank, TD Economics, RBC, E-economics



# *Population will grow and consume*



Source: Regional Plan Associates: America 2050

## **Downturn does not change:**

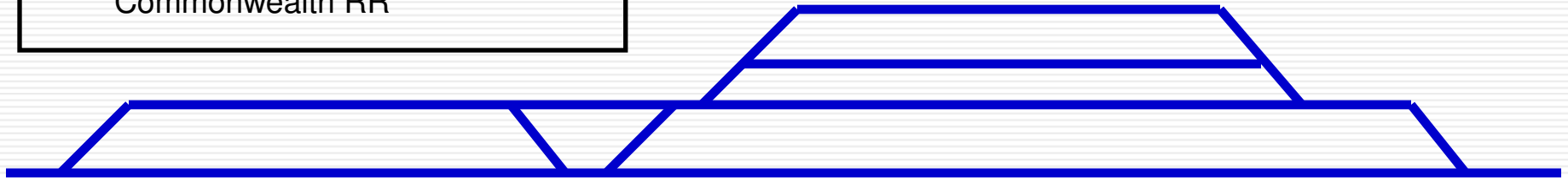
- ✓ Geography
- ✓ Long-Term Population Growth
- ✓ Demand for Cost-Effective Transportation
- ✓ The need to invest

# Kilby Rail Enhancement Fund Application

## Features

- 14,600' Siding Extension
- 2 x 4,000' Tracks
- West of junction with Commonwealth RR

**Not to Scale**



## Key Function(s)

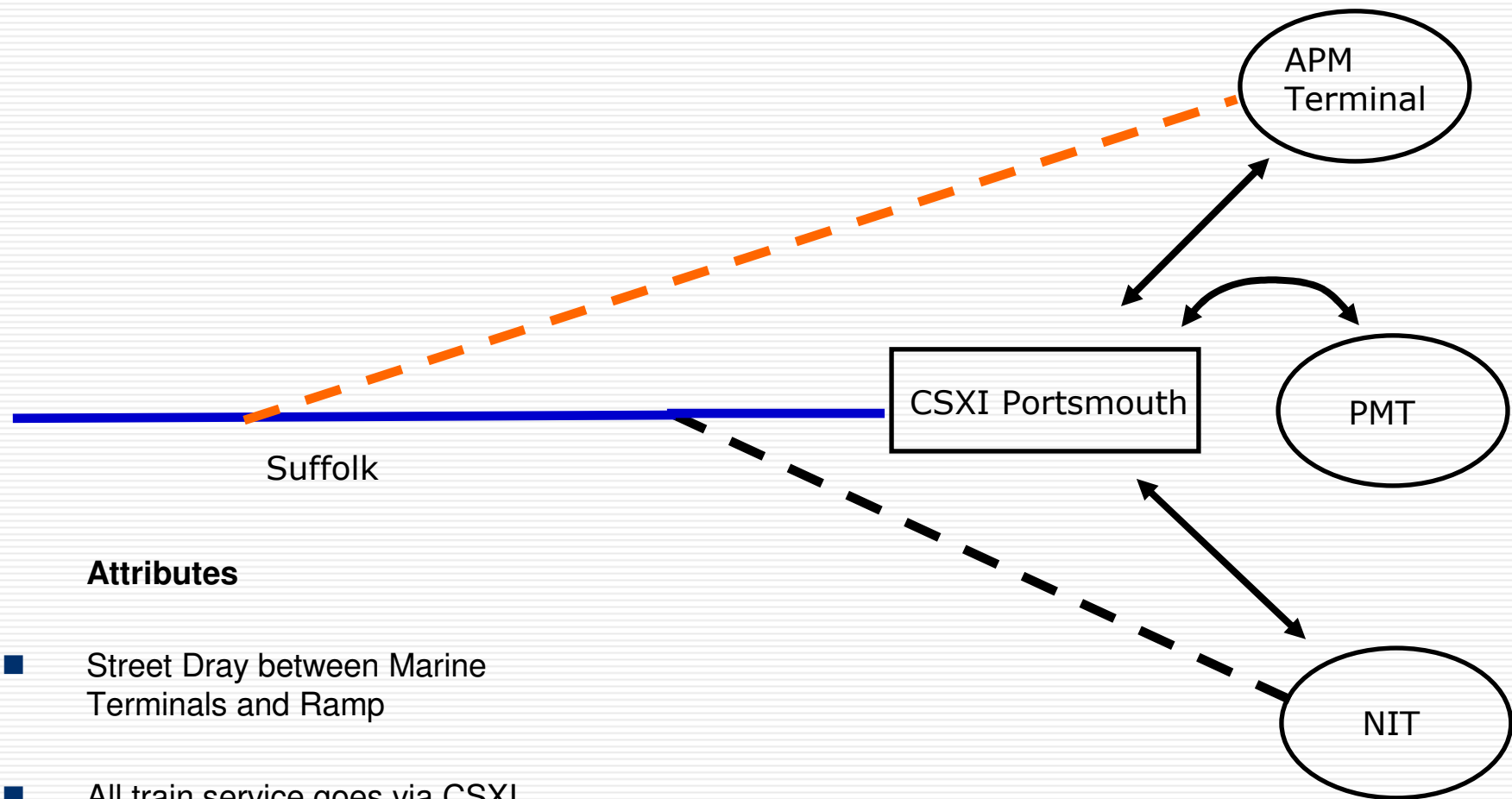
- Meeting and Passing of Trains
- Pickup and Setout of Blocks to/from marine terminals
- Train Assembly

## Examples

- Combine NIT, PMT and APM blocks for pure NW Ohio trains without blocking mainline
- Drayage reduced by enabling more rail use



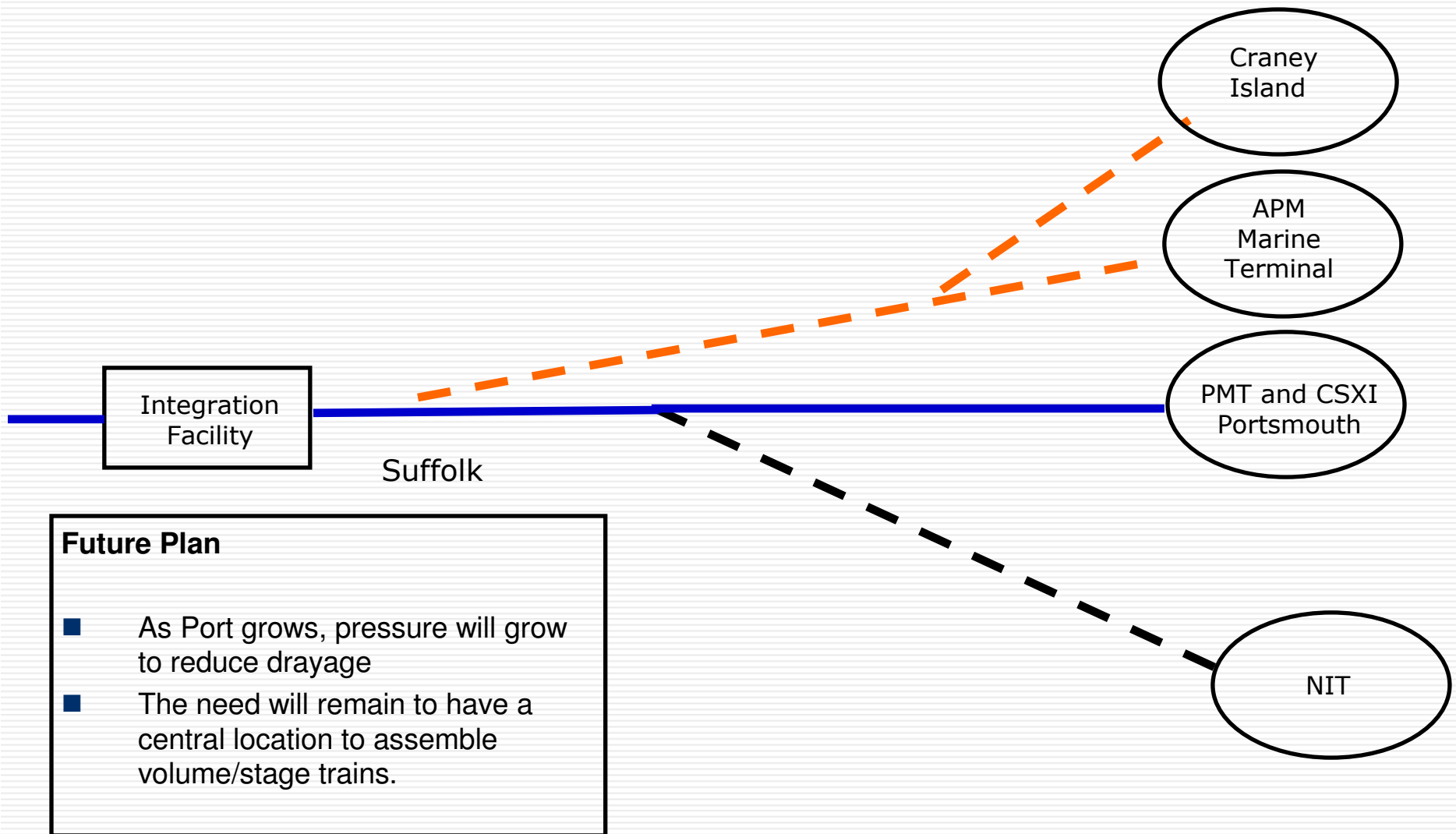
# Existing Model Drays to Central Location



## Attributes

- Street Dray between Marine Terminals and Ramp
- All train service goes via CSXI Portsmouth

# Suffolk Integration Model



## *Current National Gateway Status*

- On February 17, the National Gateway was awarded \$98 million in TIGER funds to fund Northwest Ohio to Chambersburg (less \$20 million in MD clearances)
- The \$160 million balance of required federal funds will support MD clearances and Virginia Ave Tunnel, projects critical for success of Virginia ports
- The states that were most proactive—OH, PA—were fully funded; despite state funding commitments, MD, VA and NC received \$0
- Concerted effort will be necessary to secure balance of federal funds through “TIGER II” and federal reauthorization

## *The Momentum Continues*

### **Northwest Ohio Milestones**

- Construction started May 2009
- Earthwork 98% complete
- 8 miles of track assembled
- Crane rail foundation is complete
- Operational mid-2011



## *Innovation Levers Investment*

### Northwest Ohio – Widespan Crane Operation



5 widespan cranes  
8 working tracks  
Two straddle lanes  
One truck lane  
5 container stacks (4 high)  
18 block swap tracks

#### ■ Environment

- Reduce carbon emissions
- Almost silent operations

#### ■ Network

- Increase terminal throughput
- Connect more markets
- Reduce transit times

#### ■ Operations

- Semi automatic operations
- Improves facility safety
- Reduce equipment maintenance
- Reduce fuel & labor expense

*Evansville Western Railway, an affiliate of CSX,  
is the developer-operator of this NW Ohio facility*

*How tomorrow moves*





## *The Future in Action*

